

UNCLASSIFIED

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SECRET

ROUTING AND RECORD SHEET

INSTRUCTIONS: Officer designations should be used in the "TO" column. Under each comment a line should be drawn across sheet and each comment numbered to correspond with the number in the "TO" column. Each officer should initial (check mark insufficient) before further routing. This Routing and Record Sheet should be returned to Registry.

FROM:

NO.

HGG-A-483

DATE

12 MAR 54

TO	ROOM NO.	DATE		OFFICER'S INITIALS	COMMENTS
		REC'D	FWD'D		
1. []				[]	RYBAT/PBSUCCESS BY HAND Possible first step if this operation were implemented would be protest to Mex govt. not dispatch of troops as stated. Mex govt. would deny any complicity and round up instigators. Mex's position of non-intervention established at Caracas makes the entire scheme herein outlined highly suspect from a WSOBROT viewpoint. []
2. []				[]	
3. []				[]	
4. []				[]	
5. []				[]	
6. []				[]	
7. CIA HISTORICAL REVIEW PROGRAM					Set copies of dispatches mentioned last para. Cable sent 12 April 54 saying "not believed" applicable at this time. []
8. RELEASE AS SANITIZED					
9. 2003					
10. PBS/sile					
11. []					
12. []					
13. []					
14. []					
15. []					

Lincoln

Acting Chief of Station, Guatemala

INFO: Chief. WND:

Operational

Possible KUGOWN Operation in WSBURNT

FOREWORD:

In all parts of the world there are individuals who distrust and dislike PEPRIE. Many of these people have or think they have a reason for their feelings. The great majority, however, are not actively or passively anti-PEPRIE for personal or even for historical reasons. They are simply prejudiced and, therefore, not rational but emotional.

in Latin America

The existence of prejudice is particularly true/in the case of the uneducated who regard PEPRIE as basically Identity E and, therefore, fundamentally alien and historically antagonistic to their Indo-Spanish heritage and way of life.

This anti-PEPRIE prejudice, a compound of emotional ignorance and political-social immaturity, can not be lightly dismissed. To the contrary, it is an ever-present but variable factor which must be taken into consideration in all PEPRIE activities in this hemisphere.

Under optimum circumstances, education, logic, and the passage of time would tend to reduce, if not eliminate, this anti-PEPRIE prejudice. However, circumstances in much of Latin America, and particularly in WSBURNT, have been most unfavorable and anti-PEPRIE prejudice appears to be increasing rather than diminishing. Furthermore, overcoming prejudice through logic is extremely difficult when not impossible, and eradication of prejudice through education is very slow and time is running out.

It appears to me that an alternative is to counter-act this prejudice by fanning old or arousing new prejudices which would tend to benefit rather than deter PEPRIE activities and particularly those in connection with PBSUCCESS.

The Communist-dominated government of WSBURNT is engaged in a campaign to stimulate anti-PEPRIE prejudice not only in WSBURNT itself but in all other nations and particularly in those of Latin America. The WSBURNT government and Communists everywhere constantly proclaim that accusations of Communist influence or domination in

WSBURNT are but efforts to smear a government which is valiently attempting to rescue WSBURNT from the voracious PBPRIME imperialism. Therefore, anyone in or outside of WSBURNT who attacks Communism and/or the present WSBURNT government is accused of being a lackey of PBPRIME imperialism.

The many people who are prejudiced against PBPRIME are extremely receptive to this propaganda and it is evident that, with the enthusiastic aid of the Communist organizations in other countries, considerable success has been achieved. From newspaper accounts it appears that certain Identity A labor and other groups have declared that they will give armed aid to the present government of WSBURNT in case of an emergency. Political leaders of Identity F and of other countries are also reported by the newspapers to have proclaimed their support of the present WSBURNT government.

The alleged support of Identity As and of Identity Fs, etc. is of less immediate importance, however, than the effect which this propaganda is having in WSBURNT on those who are politically neutral or, in some cases, even anti-Communist. It is worthy of note that the so-called anti-Communist press in WSBURNT often refers to PBPRIME as "imperialist" while calling the satellite countries by the term "popular democracies."

In his 1 March 1954 speech delivered at the opening of Congress, the WSBURNT president openly associated his government with the Communists, categorically stated that he will not isolate or take measures against them, and, to the contrary, will continue to need and welcome their collaboration. The WSBURNT president went so far as to state that attacks against the Communists are but concealed attacks against his government.

Though many are still reluctant to consider the present WSBURNT government as being dominated by the Communists, even the most wishfully innocent and politically naive people in WSBURNT now realize that their government is intimately associated and identified with the Communists.

There is also every reason to believe that the majority of WSBURNTs also considers that the Communists are just as completely identified with the present government as the government is identified with the Communists. For this reason, they apparently give little attention and less credence to the recent public statements by Identity B to the effect that it is a free agent and supporting the present WSBURNT government because that government is carrying out a highly patriotic and honest policy which is necessary for the welfare of the WSBURNT people.

Though announcing that it does support the present WSBURNT government, Identity B in this statement clearly implied that it would not support and would oppose the present government if that government were engaged in activities which were not highly patriotic, honorable, and necessary for or beneficial to the welfare of the people of WSBURNT.

Identity B by this statement has ostensibly placed itself in a position to support or oppose the future activities of the present WSBURNT government. However, this statement clearly puts the stamp of Communist approval on the past and present activities of that government.

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THE PROBLEM:

The complex problem we face, as I see it, can be broken down as follows:

A. How to discredit and diminish the effect of WSBURNT propaganda abroad and especially in Identity A which is comparatively powerful and a neighbor;

B. How to bring home to the WSBURNT people and others that the present WSBURNT government is not patriotic, is not honest, and is not unselfishly interested in the welfare of the WSBURNT people;

C. How to arouse the people and the armed forces against the present WSBURNT government and against Identity B which is so openly and closely identified with the present WSBURNT government;

D. How to overthrow the present government and replace it with a government which would labor for the welfare of the people of WSBURNT, would attempt to eliminate all Identity B influence in WSBURNT, and would actively collaborate with us in our world-wide struggle against Soviet aggression.

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A POSSIBLE SOLUTION TO THIS PROBLEM:

It is my considered opinion that a possible solution to this problem could be achieved through mounting a three-phased KUGOWN operation designed along the following lines:

A. PHASE I - The Build-up

I believe it feasible for our [] in Identity A, or for a small, specialized PBSUCCESS detachment in Identity A stationed just over the border from Identity C, to mount an operation

against Identity C, the largest, most northern and most neglected state of department of WSBURNT. Essentially, this operation would be that of infiltrating KUBARK-controlled Identity A nationals into Identity C where they, preferably unwitting of PBPRIME interest in the matter, would proselytize the natives of Identity C along the following lines:

1. That approximately 7,000 of the estimated 12,000 people living in Identity C are of Identity A by birth or by blood; (See Attachment No. 1)
2. That the WSBURNT government, because the majority of the inhabitants of Identity C are considered as Identity As, has done nothing for Identity C but, to the contrary, has ruined the Identity D industry which previously supported the people of Identity C; (See attachment No. 2)
3. That under the policy of gross neglect adopted by the present WSBURNT government, the roads which formerly existed have been permitted to go to pieces to such an extent that no land communication between Identity C and the rest of WSBURNT is feasible except by burro and during the dry season;
4. That public services such as schools, medical facilities and so forth are being withheld by the present WSBURNT government because the majority of the people of Identity C are Identity As by birth or descent and are not really considered as WSBURNTs by the present WSBURNT government;
5. That for this reason the WSBURNT government is willing to go to such lengths to avoid doing anything for the people of Identity C that every effort has been made to prevent the development of the rich oil resources which, if developed, would bring wealth and prosperity to the natives of Identity C;
6. That the people of Identity C, who in their majority are Identity As by heritage, should remember that the government of WSBURNT really dislikes Identity A and the Identity As because of previous difficulties between Identity A and WSBURNT although these difficulties between Identity A and WSBURNT were provoked by the WSBURNT government of that time. Therefore, the people of Identity C, considered by the present WSBURNT government as not truly WSBURNT citizens, can not hope to receive decent treatment from the WSBURNT government;
7. On the other hand, Identity A, unlike WSBURNT, protects and encourages the Identity D industry;
8. Moreover, Identity A is developing the petroleum deposits just over the border from Identity C and the people of that area of Identity A will become rich and prosperous;

9. That such would be the situation of the people of Identity C if that territory belonged to Identity A;

10. That, if the majority of the people of Identity C so desire - and the majority are really Identity As anyway - they have the right to break off from WSBURNT and request to be annexed to Identity A since WSBURNT has often gone on record as favoring free determination of peoples and, therefore, could not object;

11. That such a step would be both right and just since the people of Identity C have nothing in common with the WSBURNT government which has shamefully abused them whereas Identity A, on the other hand, would welcome and correctly treat them.

I believe that such a proselytizing mission, properly conducted, should have considerable success among the miserably poor natives of backward and neglected Identity C who have several times made protests to the WSBURNT government concerning their plight but who have received nothing but vague promises.

Essential to the plan would be the formation of an "independence committee" and eventual widespread knowledge in WSBURNT that individuals from Identity A, and probably at the instigation of the government of Identity A, were attempting to gain or had been successful in obtaining support from the people of Identity C with the express intention of separating Identity C from WSBURNT and eventual annexation of Identity C by Identity A.

There is no doubt that the first step taken by the WSBURNT government would be the dispatch of additional troops to Identity C by air. It might be possible to arrange for difficulties in the landing of the troop transport planes at the capital city of Identity C.

B. PHASE II - Blunting WSBURNT Propaganda in Identity A

There is reason to believe that the people of WSBURNT would jump to the conclusion that the disturbances in Identity C were sponsored by Identity A with a view toward annexing Identity C just as was done in the past in the cases of Identities G and H. Though many years have passed, the memory of the loss of these territories still rankles as does the fact that Identity A also lays claim, as does WSBURNT, to Identity I. The latent prejudice and distrust against Identity A would be aroused immediately. Official Identity A denials of implication would be accepted but would not receive credence. On the other hand, accusations against Identity A would annoy that nation and its people. Anti-WSBURNT prejudices in Identity A would also be fanned by pointing out how people of Identity A birth or extraction are being abused and are forced to live in

abject poverty because of the negligence of the Communist-dominated WSBURNT government. Pictures taken by the infiltration agents could be planted in the newspapers of Identity A and would show the miserable living conditions of the natives of Identity C. The sympathy of the people and government of Identity A would naturally be in opposition to the government and people of WSBURNT and in favor of the natives of Identity C who would be considered in Identity A as guilty only of loving Identity A.

This should certainly blunt the effect of WSBURNT propaganda in Identity A.

C. PHASE III - Applying Pressure in WSBURNT

At the proper time and with the WSBURNT-Identity A dissension at its height, arrangements should be made for the widespread release in the WSBURNT capital, and preferably by the ESSENCE group, of the information contained in Amembassy despatch No. 884, dated 3 March 1952, and herewith transcribed:

"Identity J, opposition Deputy and publisher, in a series of press articles recently accused former high government officials of treason, alleging that they released secret petroleum information to Identity A interests. In the bitter controversy which has ensued one of the officials has asked Congress to impeach Identity J.

"The attack began with an editorial in Identity J's newspaper which implied that Government officials had given copies of secret petroleum studies to an Identity A oil company in which the WSBURNT officials held stock. Accompanying the editorial was a drawing purportedly showing how the company by means of a well on the Identity A side of the frontier would draw off all the oil from a pool underlying both Identity A and Identity C.

"In a lengthy article published on 21 February in both the newspapers in which Identity J is interested, Identity J gave a more explicit and detailed exposition of his accusation. He claimed that Identity K, the ex-president of WSBURNT, and Identity L, the ex-Minister of Economy, had conspired to prevent the development of an oil industry in WSBURNT by having the Congress enact petroleum legislation that kept out foreign oil companies and by giving secret information on WSBURNT petroleum deposits to Identity M, located in the capital city of Identity A, in exchange for shares of stock in a new oil company called Identity N. It was alleged that that company proposed to exploit Identity A oil deposits near the WSBURNT frontier and draw off oil from Identity C in the manner described above. To disguise the transaction, Identity O, sub-director of the National Petroleum Institute, was sent to the capital of Identity A to sign a photo interpretation contract with Identity M. Identity J also accused the

Institute of negligence in employing Identity R, a geologist of Identity Q, as a consultant since in that capacity Identity R had access to all the Institute's files, from which he took information of interest to Identity Q and to the government of Identity A.

"Identity P, pro-Communist director of the Petroleum Institute, issued a lengthy press release denying most of the accusation. He claimed that the material given to Identity M consisted merely of a set of aerial photographs, none of which was secret, and that they were of no use to the Identity As since, prior to that time, Identity Q had thoroughly explored the areas bordering on Identity C. He claimed that the photo-interpretation contract was given to Identity M principally because their fee was lower than any other offer received. Regarding the employment of Identity R, Identity P merely said that the Institute had difficulty in persuading Identity Q to allow Identity R to come occasionally to WSEURNT and that Identity R was a world-renowned geologist who would not think of using his position with the Institute to obtain confidential information for Identity A. The release did not mention Identity N nor explain why the contract with Identity M was signed in the capital of Identity A.

"On February 25 the petroleum controversy took a sensational turn. Identity L formally requested the Congress to impeach Identity J for libel. A special Congressional Committee was formed to investigate the matter, but up to February 29 no report had yet been released to the press. There appears to be considerable doubt that under the circumstances an impeachment would be legal. Identity J has many enemies among the pro-Government deputies, however, and his case may not be judged impartially.

"It seems probable that Identity J struck a vulnerable spot when he attacked the government's handling of petroleum matters. Although it is not possible to say whether his accusations are true, they undoubtedly contain these elements of truth: (1) since its inception the Institute has gone out of its way to maintain cordial relations with Identity Q; (2) the government gave aerial photographs and perhaps other material to Identity M; (3) Identity C signed the Identity M contract in the capital of Identity A; (4) the contract has not been published in the Official Gazette and the Institute has not offered to release it for publication; (5) Identity R, an Identity Q employee, worked part time for the Institute and is reliably reported to have had access to all the Institute's reports; and (6) there is little doubt that Identity R attempted to obtain exclusive exploration and exploitation rights in WSEURNT for Identity Q."

Embassy despatch No. 61 of 16 July 1952 stated the following: "There is enclosed a confidential report of transactions between the Petroleum Institute and petroleum officials of Identity A which supports the charges made by Identity J. The report was prepared for the Minister of Economy in June 1952 by Identity S, a petroleum engineer in the employ of the Institute."

Unfortunately, a copy of the enclosure is not available at this station.

Nothing ever came of the proposal to impeach Identity J.

Handbills containing this information and attributing it to Identity J -- or at least tying it up to Identity J and the previous scandal -- should be distributed together with photographs or photostatic copies of the contract signed by Identity O with Identity M, if such could be obtained. Identity O should be branded as a Communist and picked for that reason by Identity T (both are subjects of TGG-W-398 of 14 July 1949) as the sub-director of the Petroleum Institute. It should be pointed out that Identity O was in Identity A on 10 June 1949 and in highly suspicious contact with the head of Identity Q. The Petroleum Institute should be branded as completely dominated by the Communists as pointed out in [] of 13 March 1953 and the information supplied concerning this by Identity S should be used to advantage. To this should be added the fact that Identity L, the former Minister of Economy and thus responsible for the Petroleum Institute during that time, is now the head of Identity U and thus directly involved in Identity V which is the very keystone of Communist activity in WSBURNT.

With the release of these handbills should go ringing accusations of treason against the known Communists and government officials who took part in the petroleum dealings with Identity A. The WSBURNT government itself should be charged with having betrayed the sacred interests of the nation and of the people by alliance with Identity B and thus aiding treasonable acts. Both the government and Identity B should be accused of actually encouraging the government and/or oil interests of Identity A to annex Identity C.

The armed forces and the people should be called upon to rescue WSBURNT from the hands of traitors who, for personal gain, have conspired to deliver a great portion of WSBURNT to Identity A.

It should be stressed and re-stressed that the present government has openly and clearly identified itself with the Communists and is therefore equally guilty of betraying the people of WSBURNT.

The people should be warned that any measures taken by the traitorous leaders of the government could only have as a purpose the concealment of their guilt. The armed forces should be called upon to overthrow the government, mete out justice to the traitors, and, with the traditional loyalty of the armed forces, defend the sacred interests of the nation.

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I believe that, if CALLIGERIS and his followers were alert and ready, this would be the opportune time to strike.

It is requested that Headquarters obtain from ODACID and forward to Lincoln the following dispatches: No. 711 of 17 February 1954 and No. 61 of 16 July 1952. Also please forward a copy of []398 and all available information concerning Identities O and T to Lincoln. It has been observed that a mistake has been made in the name of Identity T in []398.

[]

Earle N. Bannister

Enclosures:
As noted

12 March 1954

ENB/cmh

Distribution:

2-Linc w/2 att

2-Wash 2/att

[] w/2 att

1-Files 2/att

~~SECRET~~

HGG-A-783.

ATTACHMENT No. 1

I do not have detailed information at hand concerning IDEN C with respect to its topographical or population characteristics and, in fear of tipping my hand, I have refrained from attempting to gain all the desired information.

Available information indicates, however, that the WSBURNT government claims that some fifteen thousand people live in IDENTITY C. However, people well-acquainted with this area agree that the true population is somewhere between ten and thirteen thousand. The true percentage of people of IDENTITY A birth or extraction is not known but it is known that the percentage is high.

There are no roads connecting IDENTITY C and the rest of WSBURNT and the only feasible land communication is by burro and this only during the dry season when the trails are passable.

The WSBURNT national airline maintains a Tuesday-Wednesday-Friday-Saturday flight schedule which departs the capital of WSBURNT at no fixed hour. Round trip fare is the equivalent of \$26.40.

If LINCOLN and HEADQUARTERS are interested in this tentative and incomplete operational plan, more and detailed information concerning IDENTITY C can be obtained and will be forwarded.

ATTACHMENT No. 2

The IDENTITY D industry of WSBURNT is and was concentrated in IDENTITY C. Though the decline of this industry is probably due in great part to a market saturation and to the development of new synthetic replacements, nevertheless, the accepted belief of the man in the street is that the IDENTITY D industry was ruined by the formation of an inefficient government entity through which all sales, etc. must be handled. Production figures for the years 1945/1952 are as follows:

<u>Year</u>	<u>Quantity in Quintals*</u>	<u>Value in Dollars</u>
1945	40,236	2,552,961
1946	39,127	2,956,015
1947	49,065	3,968,850
1948	36,095	2,741,197
1949	26,330	1,843,872
1950	14,971	1,306,591
1951	25,966	2,038,462
1952	21,973	1,710,583

* One quintal equals 101.43 pounds.

Though the authorities are trying to sell this product and are reported to be negotiating for the sale of approximately seven thousand quintals, nevertheless, available information indicates that, from the 1952/53 and from the 1953/54 harvests, the WSBURNT government still has six thousand quintals stored in the capital of IDEN C and ten thousand quintals stored in the capital of WSBURNT.

The sharp reduction in both selling price and in production of this product has provoked disastrous conditions in IDENTITY C where approximately five thousand people worked in this industry.

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